

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 113** HLS 17RS 836
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 6, 2017 2:25 PM	Author: BROADWATER
Dept./Agy.: Higher Education	Analyst: Willis Brewer
Subject: Authorizes Management Boards to Establish/Modify Fees	

STUDENT/TUITION OR INCREASE SG RV See Note Page 1 of 2
 Provides relative to mandatory fees charged to students at public postsecondary education institutions. Removes sunset of Act 377 of the 2015 Regular Session.

Proposed law eliminates the sunset of Act 377 of 2015. Present law authorizes the higher education management boards to establish/modify fees at institutions under their management and supervision. Provides that such authority specifically includes authority to impose per credit and differential fees for certain programs and to charge proportional amounts for part-time students and summer sessions. Revenues per full time equivalent student from all tuition/fee amounts and state and local revenues shall not exceed the national averages and amounts as reported by the National Center for Education Statistics. Present law provides that the authority to establish and modify fees as authorized by proposed law is not subject to such contingencies.

Proposed law requires each management board to report to the House and Senate education committees by Feb. 15th each year.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Any increases in mandatory fees authorized by the proposed legislation will have no impact on TOPS expenditures since the TOPS award does not cover fees.

REVENUE EXPLANATION

Self-generated revenues from mandatory fees will likely increase in FY 18 - FY 22 to the extent that management boards approve increases as authorized by the proposed legislation. The proposed law continues present law which specifies that revenues per full time equivalent student from all tuition/fee amounts and state revenues shall not exceed the national averages and amounts as reported by the National Center for Education Statistics which maximum amount may be annually adjusted based on the most recent funding statistics as reported by the NCES and adjusted to the current fiscal year (FY) using the Higher Education Price Index (HEPI). The LSU Health Sciences Centers (LSUHSC), the pharmacy program at the Univ. of La. at Monroe (ULM), and the Southern Univ. Law Center (SULC) shall not exceed the tuition and fees charged, as reported by the NCES, of national peers selected by the institution.

The maximum amount may be annually adjusted based on the most recent tuition and fee amounts per FTE student as reported by the NCES and adjusted to the current FY using the HEPI (see page 2 for institution comparisons). However, public colleges and universities face market factors that affect their ability to raise fees per authority granted by the bill. Some institutions have seen enrollment declines as tuition goes up, decreasing overall revenues from students. Other institutions may choose not to impose significant increases in order to maintain access for low-income students. Actual collections of mandatory fees may also be reduced by hardship waivers, fee exemptions or other forms of student aid.

Proposed law retains present law that required each postsecondary education management board to submit a written report to the Senate Committee on Education and the House Committee on Education regarding how the fees authorized were implemented at each institution under its supervision and management, including an overview of the distribution of the monies in the need-based financial assistance fund provided in the bill. Proposed law requires the report no later than February 15th of each year. Based on the Act 377 reports, most institutions have increased or established new fees, but by various amounts. Using the BOR's annual tuition survey, the annual undergraduate mandatory fees have increased overall by 16% in FY 16 and 22% in FY 17.

As an illustrative example, Louisiana postsecondary institutions in FY 17 budgeted \$307 million in mandatory fees (this excludes tuition). To the extent all institutions increased mandatory fees by one percent, this would generate \$3.1 M in additional gross revenues before reductions for hardship waivers, fee exemptions, or other forms of student aid. This estimate is to illustrate the general magnitude of potential fee increases. As an additional point of reference, based on the projected FY 17 FTE (168,810), a \$100 fee would generated \$16.9 million in gross revenue. There is no way to estimate the actual amount of increases in fees attributable to the bill. See Page 2 for calculations.

Revenue Explanation continued on Page 2

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:
CONTINUED REVENUE Explanation from Page 1

FY 15 State Appropriations, Local Appropriations, and Net Tuition and Fees per FTE Student - Compared to Carnegie Classification Peers Public Institutions Only¹

<u>Institution</u>	<u>\$ per FTE</u>	<u>Peer \$ Avg</u>	<u>LA \$+/- Peer</u>
Louisiana State University and A & M College	\$18,111	\$20,251	(\$2,140)
University of New Orleans	\$12,580	\$15,990	(\$3,411)
University of Louisiana at Monroe	\$11,034	\$12,101	(\$1,068)
Louisiana Tech University	\$10,155	\$15,990	(\$5,835)
University of Louisiana at Lafayette	\$9,880	\$15,990	(\$6,110)
Southern University and A & M College	\$9,123	\$12,101	(\$2,978)
Northwestern State University of Louisiana	\$8,633	\$12,101	(\$3,469)
Nicholls State University	\$8,589	\$11,827	(\$3,238)
Grambling State University	\$8,271	\$11,827	(\$3,556)
McNeese State University	\$8,044	\$12,101	(\$4,058)
Southeastern Louisiana University	\$7,964	\$12,101	(\$4,137)
Louisiana State University-Alexandria	\$7,678	\$11,881	(\$4,203)
Southern University at New Orleans	\$7,562	\$11,827	(\$4,265)
Louisiana State University-Shreveport	\$7,027	\$11,827	(\$4,801)
Baton Rouge Community College	\$5,985	\$7,038	(\$1,053)
Louisiana State University-Eunice	\$5,810	\$8,202	(\$2,392)
Delgado Community College	\$5,653	\$7,319	(\$1,666)
Fletcher Technical Community College	\$5,531	\$7,319	(\$1,788)
South Central Louisiana Technical College	\$5,382	\$7,771	(\$2,389)
SOWELA Technical Community College	\$5,176	\$9,382	(\$4,206)
Northshore Technical Community College	\$5,052	\$7,319	(\$2,268)
Capital Area Technical College	\$5,014	\$7,319	(\$2,305)
River Parishes Community College	\$4,912	\$8,138	(\$3,225)
Central Louisiana Technical Community College	\$4,834	\$9,382	(\$4,548)
South Louisiana Community College	\$4,679	\$8,093	(\$3,414)
Northwest Louisiana Technical College	\$4,482	\$9,382	(\$4,901)
Bossier Parish Community College	\$4,468	\$8,093	(\$3,625)
Nunez Community College	\$4,112	\$8,138	(\$4,025)
Southern University at Shreveport	\$4,076	\$8,202	(\$4,126)

FY 16 Public, In-State Annual Tuition and Mandatory Fees Specialized Institutions¹

<u>Institution</u>	<u>\$ Annual Tuition</u>	<u>Peer \$ Avg</u>	<u>LA \$+/- Peer</u>
HSC New Orleans			
Medicine	\$31,472	\$33,198	(\$1,726)
Dentistry	\$26,946	\$35,521	(\$8,575)
HSC Shreveport			
Medicine	\$26,642	\$33,198	(\$6,556)
LSU Law	\$21,977	\$23,280	(\$1,303)
SU Law	\$24,898	\$23,280	\$1,618

Note: The reported amount by SU to NCES is \$24,898 however according to the BOR survey the SU Law annual tuition and fees is \$13,560. It appears the SU Law amount includes the nonresident portion.

Illustrative Example Calculations

	<u>Student Fees²</u>	<u>1%</u>	<u>FTE Students³</u>	<u>\$100 Fee</u>
LSU System	\$151,986,570	\$1,519,866	40,866	\$4,086,587
UL System	\$123,016,576	\$1,230,166	74,081	\$7,408,080
LTC System	\$17,906,118	\$179,061	42,406	\$4,240,562
SU System	\$14,141,860	\$141,419	11,458	\$1,145,786
Total Postsecondary	\$307,051,124	\$3,070,511	168,810	\$16,881,015

¹ Prepared by the LFO using the Integrated Postsecondary Education Data System (IPEDS) Data Center.

² Student Fees exclude tuition (general registration fee). Amounts reported on FY 2017 BOR-3 form.

³ Full-time Equivalent Students are BOR's Annual Budget Request - SCH/FTE Projections. HSCNO and HSCS reported separately.

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